

# Managing Your Money

Everyone wants enough money to live on. Many people feel they need more.

You can use money to help you get what you want by

- making plans,
- following your plans, and
- changing your plans if you need to.

To do this, you must know these things:

- What you want
- How much money is coming in
- How to make a spending plan
- How you spend your money
- How to make changes in your spending plan
- How to make your money take care of you

Your money can take care of you. It

cannot take care of itself. Plan to make  
your money take care of you.

## What do you want?

What is important to you and your family? Each family must make its own plans. Let older children share in the planning.

Use this as a good time to teach older children some important lessons:

- How to think and decide what is important
- How to use their time and energy
- How to handle money

Your plans will work better when everyone pulls together. First, think what you want to do. This will help

you decide how to use your money.

Using *Worksheet 1*, list the things you want soon and in the future. Find out what each will cost. Think how you will save for things you want later.

These are things you may want or need to do soon:

- Pay all bills.
- Buy or make clothes.
- Buy a piece of furniture.
- Take children to the dentist.

These are things you may want in the future:

- Find a different place to live.
- Provide education for the children.
- Take a family trip.
- Save money for a “rainy day.”

List the things first that you want the most.

**Worksheet 1. What do you and your family want?**

Short-term goals	Cost	Long-term goals	Cost
<b>Total:</b>		<b>Total:</b>	

Written by

**Brenda Procter**, Consumer and Family Economics State Specialist,  
Department of Personal Financial Planning

# How much money is coming in?

Where do you get your money? You may be getting money from only one place. Or maybe you get it from several sources:

- Paycheck
- Pension
- Farm income
- Rent
- Social security
- Insurance
- Investments
- Help from relatives
- Unemployment, welfare or temporary assistance checks

Make a list of where you get your money. You may wish to list this weekly, twice a month, monthly or once a year.

List what you make before anything is taken out. Money taken out would be taxes, insurance, union or other dues, social security, retirement or savings.

List money earned by all members of the family. Be sure to list money earned by children too.

Use *Worksheet 2* to figure out how much money is coming in.

# How to make a spending plan

Use a chart to figure out how you are spending your money each day. (See *Worksheet 3, How do you spend your money each day?*) Could you make better use of your money? A spending plan might help you

- control your spending, and
- know where your money goes.

Everyone has basic things like food, housing and clothing. Look at your records. See what your family spends on necessities such as these. This will give you an idea about what future costs will be.

Your records, bills, canceled checks, receipts and whatever else you can remember will also help you plan.

Now you can see why records can help you. They take the guesswork out of planning. Study the list you made in *Worksheet 1, What do you and your family want?* Will some of these things fit into your spending plan?

# See where you stand

Move the total amounts spent for each item in *Worksheet 3* (on pages 3 and 4) to the last column of *Worksheet 4*, (on page 5).

Compare your spending plan with what you actually spent. How did you come out?

Do you have money left over? If so, this is fine. You and your family should be proud of yourselves. Set aside the extra money for the future.

Perhaps you overspent. Many people do. Then the whole family must take another look at the plan.

# Changes you can make

Have you overspent? Remember the important needs, such as food, a place to live and clothing. Can the costs of these be cut? How much? To cut costs, you might want to

- buy more carefully,
- use things to better advantage, and
- avoid quick decisions.

Notice other expenses on your list. What could be left out? What could be put off until later?

Could you increase the amount of money coming in? Some family members may be able to take a second job or work at home.

Now decide what changes you will make.

# Keeping track

Keep a notebook handy. Use it to write down what you buy each day. Keep all bills, receipts and business papers together in one place.

(Continued on back page)

Worksheet 2. How much money is coming in?				
Where from:	Weekly:	Twice a month:	Monthly:	Yearly:

**Worksheet 3. How do you spend your money each day?**

Where does your money go? Here is a form to help you keep track of how you spend your money. Write in each day how much you spend under each heading. The headings are only suggestions. You may want to write in different ones. At the end of the month, total how much you spent for each item.

	FOOD		CLOTHING		HOUSING			HEALTH	EDUCA- TION	CONTRIBU- TIONS
Date	At home	Away from home	Garments, materials, accessories	Dry cleaning, laundrying, repairing, altering	Mortgage, rent, repair	Household supplies, utilities, phone, heat	Furnishings and equip- ment	Doctor, dentist, medicine	News- papers, magazines, books, tuition	Charity, community
1										
2										
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Worksheet 4. Your spending plan.  
Money you expect to make before deductions: (weekly, monthly or yearly \$\_\_\_\_\_)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total amount planned to spend	Total amount actually spent
Food														
Clothing														
Housing (rent/mortgage)														
Health														
Education														
Contributions														
Transportation														
Personal														
Recreation														
Home maintenance														
Help														
Gifts														
Insurance														
Savings														
Income taxes:														
State														
Federal														
Dues														
Debts														
<b>Total</b>													<b>\$</b>	<b>\$</b>

(Continued from page 2)

Keep older children involved by letting them

- pay the bills, and
- help with the paperwork.

This will help the family understand where the money goes.

## Stop careless spending

All family members old enough to spend money should watch their spending. Are dollars buying what the family wants most?

Are you spending more than you planned to? Are you spending too much on these needs?

- Daily needs such as food and clothing
- Rent
- Transportation — car or bus
- Recreation

Do you have too many of these payments?

- Insurance
- Debt

## Remember these important ideas

You can make your money help bring you good things such as:

- Good health
- A comfortable home
- Funds for a “rainy day”
- Recreation
- Education

But to succeed, you must know these things:

- What you want
- How to make a spending plan
- How to follow your plan
- How to change the plan, if necessary
- Where to get help

## Talk with these people:

- County extension, social and public health workers
- Members of church groups

## Attend and visit these resources:

- Special meetings at the YWCA or YMCA
- Community center
- Recreation center
- Library

## Read these often:

- Newspapers
- Magazines
- Bulletins
- Books

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This guide was originally written by Edward J. Metzen, University of Missouri College of Human Environmental Sciences, Department of Personal Financial Planning.

## ALSO FROM MU EXTENSION PUBLICATIONS

**GH3600** Money Management: Living on Less  
**MP25** How You Spend Your Money Each Day  
**MX948** Solutions for Better Living in These Tough Economic Times

**extension.missouri.edu | 800.292.0969**